

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 2361 - SB 2217

March 30, 2009

SUMMARY OF BILL: Enacts the Rural, Agricultural, and Natural Resources Act (RANRA). Property may be designated as a RANRA community when two-thirds of property owners request the designation. The Department of Environment and Conservation (TDEC) is authorized to charge an application fee to requesting property owners in an amount determined by the Department. The RANRA designation will restrict further property development. The Beaman Park to Bells Bend corridor may apply for this designation after July 1, 2009; other communities may apply after July 1, 2010.

ESTIMATED FISCAL IMPACT:

Increase State Revenue – \$28,035/FY09-10

Increase State Expenditures – \$3,600/One-Time

\$97,500/Recurring

Local Revenue Forgone – Exceeds \$5,000

Local Expenditures – Cost Avoidance – Exceeds \$100,000

Other Fiscal Impact – Increase in state revenue in FY10-11 and subsequent years is dependent upon the number of RANRA applications received and the amount of the application fee.

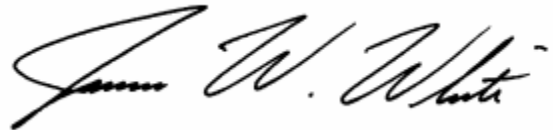
Assumptions:

- According to TDEC, state revenue is estimated to increase \$28,035 in FY09-10 from the application fee received from the property owners requesting the RANRA designation. The increase in FY10-11 and subsequent years is dependent upon the number of applications received.
- State expenditures are estimated to increase \$3,600 in one-time costs for a computer and office set-up and \$97,500 in recurring costs for salary (\$48,162), benefits (\$20,600), and other expenses (\$28,738) for an additional staff person to implement this legislation.

- According to the Comptroller, local government revenue forgone is estimated to exceed \$5,000 for higher property taxes that would have been collected if the property were developed.
- Designating property as a RANRA community may result in a local government cost avoidance estimated to exceed \$100,000 for infrastructure that would be built in the absence of this legislation.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly legible.

James W. White, Executive Director

/kmc